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FIRST STEPS TAKEN FOR FIRE DEPARTMENT REFORM

A Costly Framework Is Set - Management Must Now Respond

The new contract negotiated between the Menino Administration and Local 718, International Association of Firefighters provides the start of what could lead to needed changes in the management and operation of the Boston Fire Department. This contract will be very expensive for the City and will affect negotiations for subsequent city contracts. The high contract cost of approximately \$57 million over four years and a new sick leave liability starting at \$20 million should have bought stronger reform language in the contract. Boston's Fire Department spending per capita is already one of the highest in the country. Nevertheless, with complete implementation of the contract provisions negotiated, the Menino Administration can begin to address several problems raised about the Fire Department's administration and operations.

The next step is for the Commissioner to finish assembling his management team and to develop an action plan to effectively implement the provisions of this contract. Timely and effective implementation of the contract provisions should produce savings through reduction of overtime and other changes. The savings generated this and next year should be allocated to assist in paying the costs of this contract. The action plan also should include those recommendations in the MMA Consulting Group report of 1995 and the O'Toole Commission report of 2000 (149 recommendations combined) that the Administration will commit to implement. These two reports presented a comprehensive, critical assessment of the Fire Department's operations, management, discipline, supervision, training and imbedded culture. The Mayor will need to provide continued, enthusiastic support for the Department as it develops and implements the action plan.

CONTRACT COSTS

The City negotiated a four-year contract from July 1, 1999 to June 30, 2003 that will cost approximately \$57 million over this period. Additionally, a new sick leave benefit will create an immediate financial liability to the City of approximately \$20 million that will grow and be paid over time as firefighters retire. Salary increases, including increases for career awards, will grow on average by 21.5% over this time with differentials and stipends further increasing total compensation for each firefighter. Also, included in the total estimated costs are expenses for new provisions for sick leave and an annual vacation buyback. This contract will maintain Boston's fire cost per capita as one of the highest in the country.

Salaries - Over the four years of the contract, salaries will increase by 4.5%, 4.0%, 4.5% and 4.0% respectively for a total cost of about \$47 million. Included in that are weekly career award payments. Every firefighter with five years of service or more receives a weekly addition to his/her salary through the Transitional Career Award Program (TCAP). The weekly amounts increase depending on years of service. The TCAP rates increase in each year of the contract.

Benefits - Different stipends and differentials further increase the firefighters' weekly compensation. New to this contract is a provision that allows firefighters eligible for 4-5 weeks vacation to buy back one week of vacation a year at an estimated annual cost of about \$1 million, starting in the last year of the contract. This contract also provides an additional eight days of personal leave that can be redeemed upon retirement.

Cost Breakdown	
Salaries	\$47M
Vacation	\$1M
Sick Leave	\$2M
Retirement Benefits	\$3M
Overtime	\$4M
4 YR Direct Cost	\$57M
Sick Leave Liability	\$20M

Sick Leave - A new sick leave plan represents a \$20 million instant financial liability for the City. Prior to this contract, firefighters requiring sick leave would request time from the Commissioner and no days were accumulated. This plan was a point of pride for the firefighters and no effort was made in prior negotiations to establish a sick leave plan. Most other city employees, including police officers, receive 15 sick days a year and are able to accumulate days not used with a portion of the days able to be redeemed at the time of retirement. With this contract, firefighters will be able to accumulate up to a maximum of 2,880 sick leave hours and be able to redeem 35.0% of the hours based on the salary at the time of retirement. One tour (day) for a firefighter is either 10 or 14 hours and a firefighter works an average of 42 hours per week. Based on 12-hour days, the 2,880 hours represent a cap of 240 days. Firefighters now also may redeem up to 60 hours each year in a lump sum cash payment, depending on the number of hours actually used for sick leave during the year at a projected cost of over \$2 million a year, starting in the last year of the contract.

The real surprise sweetener of this contract is the instant sick leave bank established for each firefighter. While not as generous, this instant bank can be thought of in terms of the police officers' Quinn Bill. Rather than start the accumulation of sick leave days on July 1, 2001, the first day of the current fiscal year or on July 1, 1999, the first day of the new contract, firefighters are granted six tours (days) for each year of service with the Fire Department. Thus, a firefighter with 30 years of service will receive an instant bank of 180 sick days and will start accumulating hours this year to further increase the bank. Interestingly, the instant bank is not reduced by actual sick days used during the prior years. Reportedly, the two parties could not agree on what the initial bank of sick days should be and left that decision to the mediator. This agreement created an instant financial liability for the City of approximately \$20 million that will grow as more days are accumulated and salaries increase. This liability will be paid out over many years as firefighters retire, although retirements are expected to increase over the next few years because of the liberal sick leave redemption.

Mayor Appoints Fire Commissioner

Last week, Mayor Menino appointed Fire Chief Paul Christian to be Boston's new Fire Commissioner. He will retain the title of Fire Chief. The Mayor stayed in the box for his first big decision since his election to a third term. The Commissioner faces high expectations for bringing about needed changes in the operations, management and culture of the Fire Department. Meeting that objective will require the Commissioner to challenge the Department's imbedded culture that has resisted change and diversity within the ranks.

The Research Bureau recommended the Mayor appoint a civilian Commissioner with significant management experience and a proven track record of progressive and dynamic leadership. We believed that the formidable task of reforming the Fire Department required two strong leaders at this time, not one. We felt that the combination of the change-agent, civilian Commissioner, working with the experienced, respected Fire Chief would be the most effective means for achieving fundamental departmental improvements on a timely basis. We agreed with the O'Toole Commission that made the same recommendation in its 2000 report. By not adopting this recommendation, the Mayor is presuming that the new Commissioner and his internal management team will be able to produce the necessary changes in the Department in a reasonable time. That places a heavy burden on one position.

CONTRACT REFORMS

The new firefighters' contract does contain new language changes that will enable the Administration to take the first steps to address departmental problems controlled by the collective bargaining contract that were identified by the MMA Consulting Group report of 1995 and the O'Toole Commission report of 2000. The contract language is not as strong as recommended in the reports, but it will allow the Administration to begin to implement administrative and operational changes that, with strong management and good execution, should produce needed improvements in the Fire Department.

Light Duty - The contract does include provisions for light duty and involvement of independent medical examiners (IME) if the doctors of the firefighter and Fire Department cannot agree. This was the primary goal of the Menino Administration in the contract negotiations to bring firefighters back from injured on leave to perform needed duties and reduce overtime required to cover each injured firefighter's position. Light duty was a prime recommendation of the O'Toole Commission based on the experience of fire departments in other cities and Boston's police officers. The provision in this contract has limits in that it delays light duty service by six weeks after an accident and exemptions are allowed for firefighters on injury leave due to heart disease, lung disease or cancer. Also, firefighters who have completed

the application process for retirement are not required to perform light duty even though it often takes two years for the retirement process to be finalized. IMEs must be board certified physicians in either orthopedics or as internists and must be affiliated with selected Boston hospitals. The selection of IMEs, however, is not totally independent in that an initial list of 10 IMEs in each specialty area is first selected by Local 718 and the Administration may strike five from each list.

Management Team - The contract allows the Fire Department to create the positions of Chief of Field Services and Chief of Support Services that will not be part of Local 718. These two positions, along with the existing Human Resource Director and Director of Administration and Finance, constitute the management team working under the Commissioner. With the right selections, this opportunity to create a management team can lead to further improvements in departmental operations. The contract requires that the Commissioner must offer the two new Chief positions first to 50% of the Deputy Fire Chiefs and then to District Fire Chiefs within the Fire Department.

Shift Swapping - The Administration sought to restrict shift-swapping, the practice of firefighters exchanging regularly scheduled tours (work shifts), because it affected the allocation and continuity of staffing and interfered with efficient management. The contract made only a minor change in prohibiting exchange of tours or combination of tours that would result in a firefighter working more than 24 consecutive hours. However, that limit would not affect overtime tours.

Absence/Vacancy Coverage - A new system of replacement for vacancies and absences among the supervisory levels involving use of seniority within the same work unit and pool officers as the basis for assignment will be instituted. The Commissioner estimates that this system will be an improvement that should be less disruptive to staffing, provide more efficiency and accountability and produce savings by reducing overtime during the year. The new replacement system will need to be managed carefully but its cost-effectiveness may not be known until after one or two years of experience. The O'Toole Commission found that the former assignment system, based on the placement of individuals on the Civil Service list system-wide, created an ineffective and unnecessarily costly management practice.

RECOMMENDATIONS

The contract is the vehicle for implementing important changes suggested in two major studies of Boston fire operations and management. Timely implementation of the contract changes is needed to achieve the service improvements and financial savings that should result. The two studies already noted also have made sensible recommendations outside the scope of collective bargaining that need to be evaluated and addressed. Savings achieved through implementation of these changes will assist the Menino Administration in addressing fire service needs while being sensitive to the City's changing financial situation due to the anticipated reduced growth of state aid and the uncertainty of the economy in the next few years. For these reasons, the Bureau makes the following recommendations:

1. The Fire Commissioner should finish assembling his management team and develop an action plan to effectively implement the provisions of this contract and those recommendations in the MMA Consulting Group report of 1995 and the O'Toole Commission report of 2000 (149 recommendations combined) that the Administration will commit to implement. The Commissioner should establish monthly goals and issue periodic reports every three months for a year to indicate the progress reached in implementing the action plan. That was the process undertaken by the Police Department in response to the recommendations of the St. Clair report in 1992. The Commissioner will need the continued, enthusiastic support of the Mayor to succeed in this task. The Menino Administration should not delay to act on this challenge so that it will have the results and experience to be prepared to bring negotiations to the next level before the current firefighters' contract expires on June 30, 2003, less than 20 months from now.
2. Timely and effective implementation of the provisions of the contract should produce savings through reduction of overtime and other changes. The savings generated this and next year should be allocated to assist in paying the costs of this contract. For example, based on recent experience with injury related overtime, the implementation of light duty should generate an annual savings of approximately \$700,000. The new policy for absence/vacancy coverage should also generate overtime savings for the Department. Further savings would be achieved through the implementation of the adopted recommendations of the reports. Some savings will be required to fund this year's contract costs since the City Council's appropriation of \$13 million to fund the firefighters' contract in fiscal 2002 is less than the full estimated costs of the contract.

